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REPORT OF THE INDUSTRIAL DEVELOPMENT BOARD ON THE WORK OF ITS SEVENTH SPECIAL SESSION

(21-25 April 1997)

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Introduction

1. The seventh special session of the Industrial Development Board was convened at the request of the President of the Industrial Development Board, H.E. Mr. S. K. Lee (Republic of Korea), in accordance with rule 4.2 of the rules of procedure of the Board.

2. The report of the Industrial Development Board on its seventh special session is presented to the General Conference in accordance with Article 9.4 (c) of the Constitution. The summary records of the Board (IDB/S.7/SR.1-5), where details of the proceedings are contained form an integral part of the present report.

I. ORGANIZATIONAL AND PROCEDURAL MATTERS

3. The seventh special session of the Board was held at UNIDO Headquarters, Vienna International Centre, from 21 to 25 April 1997 (5 plenary meetings — see IDB/S.7/SR.1-5).

Participation

4. The following 52 of the 53 members of the Board were represented at the session: Algeria, Argentina, Austria, Belgium, Brazil, Bulgaria, China, Colombia, Côte d'Ivoire, Cuba, Denmark, Ecuador, Egypt, France, Germany, Ghana, Greece, Hungary, India, Indonesia, Iran (Islamic Republic of), Italy, Japan, Kenya, Lebanon, Mexico, Morocco, Netherlands, Nicaragua, Nigeria, Pakistan, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Romania, Russian Federation, Saudi Arabia, Sierra Leone, Spain, Sudan, Sweden, Switzerland, Tunisia, Turkey, Uganda, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland and Zambia.

5. The following 44 Member States of UNIDO also participated in the session: Afghanistan, Angola, Armenia, Australia, Azerbaijan, Belarus, Bolivia, Bosnia and Herzegovina, Burkina Faso, Chile, Costa Rica, Croatia, Cyprus, Czech Republic, Democratic People's Republic of Korea, Ethiopia, Finland, Georgia, Guatemala, Haiti, Iraq, Ireland, Jordan, Kuwait, Lesotho, Liberia, Luxembourg, Malaysia, Namibia, New Zealand, Norway, Oman, Panama, Republic of Moldova, Slovakia, Slovenia, Sri Lanka, Thailand, Ukraine, Uruguay, Uzbekistan, Venezuela, Viet Nam and Zimbabwe.

6. The Holy See participated as observer.

7. The permanent observer of Palestine also participated.

8. The following United Nations bodies were represented: United Nations Conference on Trade and Development, United Nations Development Programme and United Nations Office at Vienna.

9. The following United Nations specialized agencies were represented: International Atomic Energy Agency, United Nations Educational, Scientific and Cultural Organization and World Health Organization.

10. The following other intergovernmental organizations were represented: European Commission, International Organization for Migration, League of Arab States and Organisation of the Islamic Conference.

11. The following non-governmental organizations were represented: Austrian Senior Experts Pool, European Union of Public Relations, Institute Superieur de Gestion, International Confederation of Free Trade Unions, International Co-operative Alliance, International Council of Societies of Industrial Design, International Federation of Business and Professional Women, International Organisation of Employers, NIMTECH and World Association for Small and Medium Enterprises.

Opening of the session

12. The seventh special session was declared open by H.E. Mr. S. K. Lee (Republic of Korea), President of the sixteenth session of the Board.

Officers of the seventh special session

13. In accordance with rule 23 of its rules of procedure, the officers of the Board were those elected at the commencement of the first regular session in 1996: H.E. Mr. S. K. Lee (Republic of Korea) as President; H.E. Mr. C. Bula Camacho (Colombia), H.E. Mr. I. Posta (Hungary), H.E. Mr. A. A. Halim Mohamed (Sudan) as Vice-Presidents; and Mr. Ö. Sölendil (Turkey) as Rapporteur.

Agenda

14. The Board adopted the following agenda:

1. Opening of the session.
2. Adoption of the agenda.
3. Future of UNIDO.
4. Other matters.
5. Adoption of the report.
6. Closure of the session.

15. The Board adopted a proposal by the President to ensure the maximum utilization of available conference-servicing resources (see annex I, decision IDB/S.7/Dec.1).

16. The Board agreed to set up informal, in-session consultations with the aim of facilitating the drafting of decisions and entrusted Mr. I. Posta (Hungary), Vice-President, to chair those consultations. The Board also agreed to have informal discussions under the chairmanship of Mr. A. A. Halim Mohamed (Sudan), Vice-President, on the scheduling of sessions of the policy-making organs.

II. FUTURE OF UNIDO

17. The Board had before it the proposal by the Director-General on the future of UNIDO (IDB/S.7/2), and papers submitted by Morocco (IDB/S.7/4), Nigeria (IDB/S.7/5), the League of Arab States (IDB/S.7/6), the Latin American and Caribbean Group (IDB/S.7/7), Algeria (IDB/S.7/CRP.2), the African Group (IDB/S.7/CRP.3), the Asian Group (IDB/S.7/CRP.4) and the position of the Group of 77 and China (IDB/S.7/CRP.5/Rev.1). The debate on item 3 is reflected in summary records IDB/S.7/SR.2, paragraphs 1-124, IDB/S.7/SR.3, paragraphs 1-81, and IDB/S.7/SR.4, paragraphs 1-130. The Board considered a draft decision submitted by the President and adopted decision IDB/S.7/Dec.3 (see annex I). For statements made in connection with the adoption of the decision, see summary record IDB/S.7/SR.5, paragraphs 1-27.

III. OTHER MATTERS

18. The Board had before it a draft decision proposed by the Chairman of the informal discussions on the scheduling of sessions of the policy-making organs, Vice-President A. A. Halim Mohamed (Sudan), and adopted decision IDB/S.7/Dec.2 (see annex I). The debate on item 4 is reflected in summary records IDB/S.7/SR.1, paragraphs 32-57, IDB/S.7/SR.4, paragraphs 131-133 and IDB/S.7/SR.5, paragraphs 28-31.

IV. ADOPTION OF THE REPORT AND CLOSURE OF THE SEVENTH SPECIAL SESSION

19. The Board considered the draft report (IDB/S.7/L.1) and adopted it as a whole, on the understanding that the Rapporteur would be entrusted with the task of finalizing the report (see summary record IDB/S.7/SR.5, paras. 32-34). The Board closed its seventh special session on 25 April 1997 at 12.05 p.m.

Annex I

DECISIONS ADOPTED BY THE BOARD AT ITS SEVENTH SPECIAL SESSION

IDB/S.7/Dec.1 UTILIZATION OF AVAILABLE CONFERENCE-SERVICING RESOURCES

The Industrial Development Board, with the aim of utilizing the available conference-servicing resources to the maximum possible effect, decided to suspend with immediate effect rule 32 of its rules of procedure relating to the quorum, for the meetings of its seventh special session only and provided no substantive decisions were taken at those meetings.

1st plenary meeting
21 April 1997

IDB/S.7/Dec.2 SCHEDULING OF SESSIONS OF THE POLICY-MAKING ORGANS

The Industrial Development Board:

(a) Recalled its decision IDB.16/Dec.19 establishing the dates for the thirteenth session of the Programme and Budget Committee and the dates and provisional agenda for the seventeenth session of the Industrial Development Board;

(b) Decided:

(i) To hold the thirteenth session of the Programme and Budget Committee from 8 to 11 September 1997;

(ii) To hold its eighteenth regular session on 12 September 1997 in order to consider the recommendation of a candidate for the post of Director-General;

(iii) To amend the provisional agenda for its seventeenth session accordingly.

4th plenary meeting
22 April 1997

IDB/S.7/Dec.3 THE FUTURE ROLE AND FUNCTIONS OF UNIDO

The Industrial Development Board:

(a) Took note of the documentation presented and views expressed by Member States and groups during the general debate at its seventh special session;

(b) Also took note with appreciation of the report of the chairman of the informal consultations;

(c) Took into account the efforts and progress made in the identification of elements of convergence which emerged in that context, as contained in the annex to the present decision;

(d) Decided to establish an intersessional working group with equitable geographical representation, under the chairmanship of Mr. I. Posta (Hungary), to advance further the process of definition of the future role and functions of UNIDO;

(e) Invited Member States to continue to contribute to the formulation of basic parameters to guide the work in adapting the Organization to new economic realities;

(f) Requested the chairman of the intersessional working group to establish a timetable for negotiations and to submit a progress report to the Board not later than its seventeenth session;

(g) Decided to include an item entitled "Follow-up to the seventh special session" in the provisional agenda of its seventeenth session.

5th plenary meeting
25 April 1997

Annex

COMMON GROUNDS ON THE FUTURE OF UNIDO

Role and functions

1. Industrial development remains a precondition for long-term sustainable economic growth and development. UNIDO, subject to the outcome of the overall reform of the United Nations system, has an important role to play in supporting and promoting at the national level sustainable industrial development in the developing countries, in particular least developed countries, and countries with economies in transition. It also has a role in enhancing cooperation at the international, regional and subregional level.

2. The process of meaningful reform of UNIDO should continue for the Organization to adapt its function, orientation and priorities to the new realities of the

changing global economic environment and, ultimately, to remain viable and efficient. It is important to reaffirm the necessity to pursue that reform process with a long-term vision that will make it possible to adapt the Organization's mandate, structure and financial capacity.

3. UNIDO should concentrate on those support functions in which the Organization has a comparative advantage over other multilateral development organizations and bilateral assistance. UNIDO should maintain its capacity to provide integrated packages of support which bring to bear upon industrial development the multidimensional expertise of the Organization, and should place emphasis on upstream activities such as policy advisory services and institutional capacity-building with maximum developmental impact.

4. The key functions to be exercised by UNIDO in supporting industrial development should be:

(a) To provide a global forum for assessing the implications of international industrial trends, promoting in this regard common understandings among all countries, and supporting the establishment and implementation of international norms and agreements;

(b) To strengthen institutional capacities for the promotion of industrial competitiveness;

(c) To increase the flow of industrial investment and technology resources to developing countries and countries with economies in transition;

(d) To promote cleaner and sustainable industrial development.

Priorities

Programme priorities

5. The activities of UNIDO should pay adequate attention to investment promotion and environment-related services, the promotion of small and medium industries and enterprises, agro-based industries, as well as the development of human resources related to the implementation of specific programmes and projects.

Geographic focus

6. While preserving its universal character and vocation, UNIDO should be more responsive to the needs of the developing countries, particularly African countries and least developed countries, and pay special attention to countries with economies in transition.

Budget and size of the Organization

7. The programme and budget of the Organization, which is closely related to the new structure and role of UNIDO, should be made commensurate, beginning with the biennium 1998-1999, with the results of the continued reform process and the refocused activities of the Organization, taking into account the follow-up to the seventh special session of the Board. It is important to underscore that all Member States are determined to pay their assessed contributions in full and on time.

Field representation and cooperation with other United Nations agencies

8. A real decentralization of activities and strengthening of field representation must be attained. This implies, *inter alia*:

(a) Redeployment of resources and Professional staff with the required level of expertise from Headquarters to the field, for the purpose of enhancing the efficiency and effectiveness of field activities by providing adequate advisory services and selected project execution;

(b) Appropriate delegation of authority;

(c) Formulation of business plans for the activities of the field offices.

Consideration should also be given to the establishment of subregional offices, wherever possible.

9. The field offices should contribute to funds mobilization activities.

10. Functional and programmatic coordination between UNIDO field representation on the one hand, and field representation of United Nations bodies and of other relevant international organizations on the other hand, should be improved. In this context, consideration should be given to the idea of integration of UNIDO offices in a unified United Nations representation.

11. Special attention should be given to the possibility of cost-sharing of field representation by the host country, taking into account the particular situation of the least developed countries.

12. UNIDO should seek complementarity in its cooperation with other United Nations organizations, funds and programmes. It is important to stress in this

regard the need to ensure the coordination and coherence of the mandates of the different United Nations system bodies.

Efficiency-enhancing measures

13. The following measures are needed, *inter alia*:

(a) Rationalizing and reducing non-staff costs, such as for meetings, travel and consultants, and increasing the cost-effectiveness of publications, statistical information and the global report;

(b) Increasing cost efficiency in managerial, administrative and coordinative support areas, taking into account the new budgetary realities;

(c) Enhancing the operational and financial capacity of relevant UNIDO divisions engaged in implementation of core activity programmes by avoiding duplication and overlap of activities and responsibilities within the Organization;

(d) Further considering and eventually implementing some pertinent recommendations by the External Auditor;

(e) Reducing the number and length of PMO meetings, while at the same time maintaining their functions;

(f) Speeding up the decision-making process for project development and approval;

(g) Redeploying administrative savings into substantive programmes.

Management and organizational structure

14. A new configuration will be required for the future organizational structure of UNIDO on the basis of agreed principles and priorities. The creation of a post of Deputy Director-General could be considered. In addressing the various problems and difficulties facing UNIDO there should be an equal emphasis on its managerial and administrative aspects.

Annex II

DOCUMENTS SUBMITTED TO THE INDUSTRIAL DEVELOPMENT BOARD AT ITS SEVENTH SPECIAL SESSION

Symbol	Agenda item	Item
IDB/S.7/1/Rev.1	2	Agenda
IDB/S.7/2	3	The future of UNIDO. Proposal by the Director-General
IDB/S.7/3	-	Lists of States included in Annex I to the Constitution of UNIDO. Note by the Secretariat
IDB/S.7/4	3	Future of UNIDO. Paper submitted by Morocco
IDB/S.7/5	3	Future of UNIDO. Paper submitted by Nigeria
IDB/S.7/6	3	Future of UNIDO. Paper submitted by the League of Arab States
IDB/S.7/7	3	Future of UNIDO. Paper submitted by the Latin American and Caribbean Group
		* * *
IDB/S.7/CRP.1	2	Adoption of the agenda. List of documents
IDB/S.7/CRP.2	3	Future of UNIDO. Paper submitted by Algeria
IDB/S.7/CRP.3	3	Future of UNIDO. Paper submitted by the African Group
IDB/S.7/CRP.4	3	Future of UNIDO. Paper submitted by the Asian Group
IDB/S.7/CRP.5/Rev.1	3	Future of UNIDO. Position of the Group of 77 and China on the future of UNIDO
IDB/S.7/CRP.6	-	List of participants